

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature			Date	

COLDWATER HOUSING COMMISSION

Financial Statements

March 31, 2004

Audited by

JOHN C. DIPIERO, P.C.

Certified Public Accountant

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Opinion	1
 <u>FINANCIAL STATEMENTS</u>	
Combined Statement of Net Assets	2
Combined Statement of Revenues, Expenses, and Changes in Net Assets	3
Combined Statement of Cash Flows	4
Notes to Financial Statements	5
 <u>SUPPLEMENTAL DATA</u>	
Combining Statement of Net Assets	11
Combining Statement of Revenues and Expenses	12
Status of Prior Audit Findings	13
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14
Schedule of Findings and Questioned Cost	15

John C. DiPiero, P.C.

Certified Public Accountant

P. O. Box 378
Hemlock, Michigan 48626
Tel / Fax (989) 642-2092

Board of Commissioners
Coldwater Housing Commission
60 Clay Street
Coldwater, Michigan 49036

Independent Auditor's Report

I have audited the financial statements listed in the Table of Contents of the Coldwater Housing Commission as of and for the year ended March 31, 2004. These financial statements are the responsibility of the Housing Commission's management. My responsibility is to express an opinion on the financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Coldwater Housing Commission as of March 31, 2004, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, if fairly stated in all material respects in relation to the financial statements taken as whole.

In accordance with *Government Auditing Standards*, I have also issued my report dated July 27, 2004 on my consideration of the Coldwater Housing Commission's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Certified Public Accountant

July 27, 2004

COLDWATER HOUSING COMMISSION
Statement of Net Assets
March 31, 2004

ASSETS

C-3058

CURRENT ASSETS

Cash	\$	120,395	
Accounts Receivable, net of allowance for doubtful accounts of \$ 1,000		2,644	
Accounts Receivable- Other		18,185	
Investments		96,530	
Prepaid Expenses		17,269	
Inter Program due from		<u>23,394</u>	
 Total Current Assets	\$		278,417

NON CURRENT ASSETS

Land	\$	76,598	
Buildings		1,463,281	
Furniture, Equipment- Administrative		65,938	
Leasehold Improvements		2,065,720	
Accumulated Depreciation		<u>(2,051,777)</u>	
 Total Non Current Assets			<u>1,620,029</u>

TOTAL ASSETS \$ 1,898,446

Statement of Net Assets
March 31, 2004

LIABILITIES & EQUITY

C-3058

LIABILITIES:

CURRENT LIABILITIES

Accounts Payable	\$	6,142
Accrued Compensated Absences		14,259
Tenants Security Deposit		6,712
Accounts Payable- Other Governments		27,809
Other Current Liabilities		425
Inter-Program due to		<u>23,394</u>
<u>Total Current Liabilities</u>	\$	78,741

NET ASSETS:

Contributed Capital	\$	1,481,194
Retained Earnings		<u>338,511</u>
<u>Total Net Assets</u>		<u>1,819,705</u>

TOTAL LIABILITIES & EQUITY \$ 1,898,446

The Accompanying Footnotes are an Integral Part of the Financial Statements

Combined Statement of Revenues, Expenses, and Changes in Net Assets
For the year ended March 31, 2004

	<u>Business Type Activities</u>
<u>OPERATING REVENUE</u>	
Tenant Rental Revenue	\$ 265,680
Tenant Revenue- Other	1,165
HUD Grants	248,211
Interest Income	2,172
Other Income	<u>16,782</u>
 <u>Total Operating Revenue</u>	 \$ 534,010
 <u>OPERATING EXPENSES</u>	
Administrative	\$ 189,444
Tenant Services	565
Utility Expenses	62,916
Ordinary Maintenance	107,713
General Expenses	<u>39,595</u>
 <u>Total Operating Expenses</u>	 <u>400,233</u>
 <u>Operating Income (Loss)</u>	 \$ 133,777
 <u>NONOPERATING REVENUES (EXPENSES)</u>	
Gain on the Sale of Fixed Assets	\$ 250
Housing Assistance Payments	(68,607)
Depreciation Expenses	<u>(168,358)</u>
 <u>Total Nonoperating (Expenses)</u>	 <u>(236,715)</u>
 <u>Change in Net Assets</u>	 \$ <u>(102,938)</u>
 Total Net Assets- Beginning	1,922,843
Prior Period Adjustment: Miscellaneous	<u>(200)</u>
 Adjusted Beginning Balance	 \$ <u>1,922,643</u>
 Total Net Assets- Ending	 \$ <u>1,819,705</u>

The Accompanying Footnotes are an Integral Part of the Financial Statements.

Combined Statement of Cash Flows
For the Year Ended March 31, 2004

Business Type Activities

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers	\$ 266,065
Payments to Suppliers	(426,776)
Payments to Employees	(135,422)
HUD Grants	248,211
Other Receipts (Payments)	<u>19,204</u>
Net Cash Provided (Used) by Operating Activities	\$ (28,718)

CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES

Purchases of Capital Assets	\$ <u>(65,328)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (94,046)
Balance- Beginning of Year	<u>214,441</u>
Balance- End of Year	\$ <u>120,395</u>

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Net Profit or (Loss)	\$ (102,938)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	169,358
Changes in Assets (Increase) Decrease:	
Receivables (Gross)	(13,297)
Investments	(46,219)
Prepaid Expenses	(15,198)
Interfund Due From	(18,260)
Changes in Liabilities Increase (Decrease):	
Accounts Payable	90
Accrued Compensated Absences	4,822
Security Deposits	3,326
Accounts Payable- Other Governments	3,043
Deferred Revenue	(9)
other Current Liabilities	(31,696)
Interfund Due To	<u>18,260</u>
Net Cash Provided by Operating Activities	\$ <u>(28,718)</u>

The Accompanying Notes are an Integral part of the Financial Statements

Notes to Financial Statements
March 31, 2004

NOTE 1: Summary of Significant Accounting Policies

Reporting Entity-

Coldwater Housing Commission, Coldwater, Michigan, (Commission) was created by an ordinance of Coldwater, Michigan. The Commission signed an Annual Contributions Contract (ACC) with the U.S. Department of Housing and Urban Development (HUD). The ACC requires the Commission to provide safe, sanitary and decent housing for qualifying senior and low income families.

The Commission consists of the following:

MI 56-001	Low rent program	100 units
MI 33V056001	Section 8 Vouchers	25 units

In determining the reporting entity, the manifestations of oversight, as defined by the Governmental Accounting Standards Board (GASB), Cod. sec 2100, were considered. The criteria include the following:

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government". A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is legally separate entity for which the primary government is financially accountable. The criterion of financial accountability are the ability of the primary government to impose its will upon the potential component unit. Based on the above, a component unit does exist which is reported.

These criteria were considered in determining the reporting entity.

Basis of Presentation-

The accounts of the Commission are organized by the Catalog of Federal Domestic Awards (CFDA) numbers, in the Financial Data Schedule; each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self balancing accounts that comprise its assets, liabilities, net assets, revenues, and expenditures, or expenses, as appropriate. Commission resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Proprietary Funds

Enterprise Funds- Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises- where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, management control, accountability, or other purposes.

Basis of Accounting-

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Proprietary Funds are accounted for using the accrual basis of accounting. The revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Prior to October 1, 1998, the Commission followed a basis of accounting consistent with the cognizant agency, the U. S. Department of Housing and Urban Development, HUD. Those practices differed from Generally Accepted Accounting Principals (GAAP); however, for all fiscal years beginning on or after October 1, 1998, HUD has required adherence to GAAP. Therefore, the current and future financial presentations will follow GAAP and the Financial Accounting Standards Board (FASB) pronouncements issued subsequent to November 30, 1989, unless they conflict with the Governmental Accounting Standards Board (GASB) pronouncements.

Budgetary data-

Formal budgetary integration is employed as a management control device during the year in proprietary type funds. Budgets for funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) for that fund type. The Commission adopts a budget annually, and amends the budgets as it feels necessary in order to maintain financial integrity.

Assets, Liabilities, and Net Assets-

Deposits & Investments

Deposits are stated at cost; the carrying amount of deposits is separately displayed on the balance sheet as cash and cash equivalents; investments are stated at cost which approximates market.

Cash Equivalents

Cash Equivalents represent investments purchased with a three month maturity or less; investments meeting this criteria are reclassified for financial statement purposes as cash.

Due to/From Other Funds

During the course of operations, numerous transactions occur between individual funds for goods or services; these receivables and payables are classified as "due from" or "due to" other funds on the Balance Sheet.

Fixed Assets

The accounting and reporting treatment applied to the fixed assets are determined by its measurement focus. All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and undesignated fund balance components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations; depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Buildings and Improvements	40 years
Equipment	3-10 years

Compensated Absences

Sick leave and other compensated absences with similar characteristics have been accrued as a liability. The amount accrued was based on the probability that the Commission will compensate the employees for the benefits through cash payments as a condition of the employees' termination or retirement.

Note 2: Cash and Investments.

The composition of cash and investments are as follows:

Cash:

General Fund Checking Accounts	\$ 49,001
Petty Cash	200
Saving Account	65,824
Cash Equivalents	<u>5,370</u>
Financial Statement Total	<u>\$ 120,395</u>

Investments:

Certificates of Deposit	\$ 96,530
Savings Account	5,370
Less Cash Equivalents, above	<u>(5,370)</u>
Financial Statement Total	<u>\$ 96,530</u>

Generally the Commission classifies cash and investments with the following risk assumptions:

- 1) Insured or registered in the Commission's name.
- 2) Uninsured or unregistered, held by a broker in the Commission's name.
- 3) Uninsured or unregistered, held by a broker not in the Commission's name.

			<u>Categories</u>			
			<u>1</u>	<u>2</u>	<u>3</u>	
						<u>Carrying Amount</u> <u>Market Value</u>
Cash:						
Checking A/C's	\$	49,001	\$		\$	49,001
Petty Cash		200				200
Savings Accounts		<u>71,194</u>				<u>71,124</u>
Total Cash	\$	<u>120,395</u>	\$		\$	<u>120,395</u>
Investments:						
Certificates of Deposit	\$	<u>96,530</u>	\$		\$	<u>96,530</u>

Note 3: Fixed Asset Analysis.

The following represents the changes in fixed assets for the year:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Land	\$ 76,598	\$	\$	\$ 76,598
Buildings	1,474,001	1,459	12,179	1,463,281
Furniture & Equipment-Admin	66,960		753	66,207
Leasehold Improvements	<u>2,001,851</u>	<u>63,869</u>		<u>2,065,720</u>
	\$ 3,619,410	\$ 65,328	\$ 12,932	\$ 3,671,806
Less Accumulated Depreciation	<u>1,896,351</u>	<u>168,358</u>	<u>12,932</u>	<u>2,051,777</u>
	<u>\$ 1,723,059</u>	<u>\$ (103,030)</u>	<u>\$ 0</u>	<u>\$ 1,620,029</u>

Note 4: Pension Plan

The Commission participates in the City of Coldwater retirement plan. All eligible employees participate in a deferred compensation plan. Statistical information and funding data are available in a separate audit report prepared by Coldwater.

Note 5: HUD Guaranteed Debt and Contributed Capital.

HUD guaranteed debt has been reclassified to Contributed Capital for all years ending after September 30, 1998. The reclassification is a result of all HUD programs converting from a basis of accounting prescribed by HUD other than Generally Accepted Accounting Principles (GAAP), to GAAP.

Original contributed capital consisted of reserved and unreserved surplus, and cumulative HUD contributions.

Note 6: Reclassifications.

Certain prior years' balances have been reclassified to conform to the current year's presentation.

Note 7: Combining Financial Data Schedules.

The totals in the combining Balance Sheet and combining Income Statement represent unconsolidated totals. Under principals of consolidation, inter fund transactions would be eliminated; the totals in the combined statements follow the financial data schedule format recommended by the U.S. Department of Housing and Urban Development's Real Estate Assessment Center (REAC).

Note 8: Risk Management

The Commission is exposed to various risks of loss related to property loss, torts, error and omissions and employee injuries. The Commission purchases commercial insurance to cover the risks of these losses. The Commission had the following insurance in effect during the year:

<u>Types of Policies</u>	<u>Coverage's</u>
Property	\$ 4,083,000
General Liability	1,000,000
Automobile Liability	1,000,000
Dishonesty Bond	1,000,000
Worker's Compensation and other riders: minimum coverage's required by the State of Michigan	

Note 9: Segment Information for Enterprise Funds.

The Commission maintains an enterprise fund; segment information for the year ended March 31, 2004, is as follows:

Operating Revenue	\$ 534,260
Operating Income	134,027
Non Operating Revenue (Expenses)	
Housing Assistance Payments	(68,607)
Depreciation Expense	(168,358)
Net Profit (Loss)	(102,938)
Non Current Assets (net)	1,620,029
Total Assets	1,898,446
Retained Earnings	338,511

Coldwater Housing Commission

31-Mar-04

MI-056

Combining Balance Sheet		Low Rent 14.850	Section 8 Housing Choice Voucher Program 14.871	Capital Projects Funds 14.872	Component Unit	TOTAL
Line Item #						
	ASSETS:					
	CURRENT ASSETS:					
	Cash:					
111	Cash - unrestricted	33,299	21,274		65,822	120,395
112	Cash - restricted - modernization and development					-
113	Cash - other restricted					-
114	Cash - tenant security deposits					-
100	Total cash	33,299	21,274	-	65,822	120,395
	Accounts and notes receivables:					
121	Accounts receivable - PHA projects					-
122	Accounts receivable - HUD other projects		5,613	3,059		8,672
124	Accounts receivable - other government					-
125	Accounts receivable - miscellaneous	9,230	141			9,371
126	Accounts receivable- tenants - dwelling rents	3,644				3,644
126.1	Allowance for doubtful accounts - dwelling rents	(1,000)				(1,000)
126.2	Allowance for doubtful accounts - other					-
127	Notes and mortgages receivable- current					-
128	Fraud recovery					-
128.1	Allowance for doubtful accounts - fraud					-
129	Accrued interest receivable	142				142
120	Total receivables, net of allowances for doubtful accounts	12,016	5,754	3,059	-	20,829
	Current investments					-
131	Investments - unrestricted	96,530				96,530
132	Investments - restricted					-
142	Prepaid expenses and other assets					

		17,269				17,269
143	Inventories					-
143.1	Allowance for obsolete inventories					-
144	Interprogram - due from	23,394				23,394
146	Amounts to be provided					-
150	TOTAL CURRENT ASSETS	182,508	27,028	3,059	65,822	278,417
	NONCURRENT ASSETS:					
	Fixed assets:					
161	Land	76,598				76,598
162	Buildings	1,463,281				1,463,281
163	Furniture, equipment & machinery - dwellings	-		269		269
164	Furniture, equipment & machinery - administration	26,165	995	38,778		65,938
165	Leasehold improvements	1,877,424		188,296		2,065,720
166	Accumulated depreciation	(2,041,647)	(995)	(9,135)		(2,051,777)
160	Total fixed assets, net of accumulated depreciation	1,401,821	-	218,208	-	1,620,029
171	Notes and mortgages receivable - non-current					-
172	Notes and mortgages receivable-non-current-past due					-
174	Other assets					-
175	Undistributed debits					-
176	Investment in joint ventures					-
180	TOTAL NONCURRENT ASSETS	1,401,821	-	218,208	-	1,620,029
190	TOTAL ASSETS	1,584,329	27,028	221,267	65,822	1,898,446
	LIABILITIES AND EQUITY:					
	LIABILITIES:					
	CURRENT LIABILITIES					
311	Bank overdraft					-
312	Accounts payable ≤ 90 days	6,142				6,142
313	Accounts payable > 90 days past due	-				-
321	Accrued wage/payroll taxes payable	-				-

322	Accrued compensated absences	14,259				14,259
324	Accrued contingency liability					-
325	Accrued interest payable					-
331	Accounts payable - HUD PHA programs		139			139
332	Accounts Payable - PHA Projects					
333	Accounts payable - other government	27,809				27,809
341	Tenant security deposits	6,712				6,712
342	Deferred revenues			-		-
343	Current portion of Long-Term debt - capital projects					-
344	Current portion of Long-Term debt - operating borrowings					-
345	Other current liabilities	-				-
346	Accrued liabilities - other	286				286
347	Inter-program - due to	-	20,335	3,059	-	23,394
310	TOTAL CURRENT LIABILITIES	55,208	20,474	3,059	-	78,741
	NONCURRENT LIABILITIES:					
351	Long-term debt, net of current- capital projects					-
352	Long-term debt, net of current- operating borrowings					-
353	Noncurrent liabilities- other		-			-
350	TOTAL NONCURRENT LIABILITIES	-	-	-	-	-
300	TOTAL LIABILITIES	55,208	20,474	3,059	-	78,741
	EQUITY:					
501	Investment in general fixed assets					-
	Contributed Capital:					
502	Project notes (HUD)					-
503	Long-term debt - HUD guaranteed					-
504	Net HUD PHA contributions	1,473,572	-	7,622	-	1,481,194

505	Other HUD contributions					-
507	Other contributions					-
508	Total contributed capital	1,473,572	-	7,622	-	1,481,194
	Reserved fund balance:					-
509	Reserved for operating activities					-
510	Reserved for capital activities					-
511	Total reserved fund balance	-	-	-	-	-
512	Undesignated fund balance/retained earnings	55,549	6,554	210,586	65,822	338,511
513	TOTAL EQUITY	1,529,121	6,554	218,208	65,822	1,819,705
600	TOTAL LIABILITIES AND EQUITY	1,584,329	27,028	221,267	65,822	1,898,446

-11-

Coldwater Housing Commission

31-Mar-04

MI-056

	Combining Income Statement	Low Rent 14.850	Section 8 Housing Choice Voucher Program 14.871	Capital Projects Funds 14.872	Component Unit	TOTAL
Line	Item #					
	REVENUE:					
703	Net tenant rental revenue	265,680				265,680
704	Tenant revenue - other	1,165				1,165
705	Total tenant revenue	266,845	-	-	-	266,845
706	HUD PHA grants	52,469	80,838	114,904	-	248,211
708	Other government grants	-				-
711	Investment income - unrestricted	1,992	3		177	2,172
712	Mortgage interest income					-
714	Fraud recovery					-
715	Other revenue	16,782				16,782
716	Gain or loss on the sale of fixed assets	250				250
720	Investment income - restricted					

						-
700	TOTAL REVENUE	338,338	80,841	114,904	177	534,260
	EXPENSES:					
	Administrative					
911	Administrative salaries	89,475	8,978			98,453
912	Auditing fees	2,200	-			2,200
913	Outside management fees					-
914	Compensated absences	4,823	(761)			4,062
915	Employee benefit contributions- administrative	44,169	5,410			49,579
916	Other operating- administrative	27,044	3,887	4,219		35,150
	Tenant services					
921	Tenant services - salaries					-
922	Relocation costs					-
923	Employee benefit contributions- tenant services					-
924	Tenant services - other	565				565
	Utilities					
931	Water	11,176				11,176
932	Electricity	29,388				29,388
933	Gas	21,698				21,698
934	Fuel	636				636
935	Labor					-
937	Employee benefit contributions- utilities					-
938	Other utilities expense	18				18
	Ordinary maintenance & operation					
941	Ordinary maintenance and operations - labor	36,969				36,969
942	Ordinary maintenance and operations - materials & other	9,081				9,081
943	Ordinary maintenance and operations - contract costs	39,559				39,559
945	Employee benefit contributions- ordinary maintenance	22,104				22,104
	Protective services					

951	Protective services - labor	-				-
952	Protective services- other contract costs	-				-
953	Protective services - other	-				-
955	Employee benefit contributions- protective services					-
	General expenses					
961	Insurance premiums	19,063				19,063
962	Other General Expenses	-				
963	Payments in lieu of taxes	20,393				20,393
964	Bad debt - tenant rents	139				139
965	Bad debt- mortgages					-
966	Bad debt - other					-
967	Interest expense					-
968	Severance expense					-
969	TOTAL OPERATING EXPENSES	378,500	17,514	4,219	-	400,233
970	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	(40,162)	63,327	110,685	177	134,027
971	Extraordinary maintenance	-				-
972	Casualty losses - non-capitalized					-
973	Housing assistance payments		68,607			68,607
974	Depreciation expense	161,911		6,447		168,358
975	Fraud losses					-
976	Capital outlays- governmental funds	-			-	-
977	Debt principal payment- governmental funds					-
978	Dwelling units rent expense					-
900	TOTAL EXPENSES	540,411	86,121	10,666	-	637,198
	OTHER FINANCING SOURCES (USES)					

1001	Operating transfers in (Out)	45,357		(45,357)		-
1002	Operating transfers out					-
1003	Operating transfers from/to primary government					-
1004	Operating transfers from/to component unit					-
1005	Proceeds from notes, loans and bonds					-
1006	Proceeds from property sales					-
1010	TOTAL OTHER FINANCING SOURCES (USES)	45,357	-	(45,357)	-	-
1000	EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES	(156,716)	(5,280)	58,881	177	(102,938)

-12-

COLDWATER HOUSING COMMISSION
Status of Prior Audit Findings
March 31, 2004

The prior audit of the Coldwater Housing Commission for the period ended March 31, 2003, did not contained any audit findings or questioned cost.

COLDWATER HOUSING COMMISSION
Report on Compliance and on Internal Control over
Financial Reporting Based on an Audit of Financial
Statements Performed in Accordance with
Government Auditing Standards
March 31, 2004

I have audited the financial statements of Coldwater Housing Commission, Coldwater, Michigan, as of and for the year ended March 31, 2004, and have issued my report thereon dated July 27, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Coldwater Housing Commission's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Coldwater Housing Commission's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information of management and the U. S. Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

Certified Public Accountant

July 27, 2004

-14-
COLDWATER HOUSING COMMISSION
Schedule of Findings and Questioned Cost
March 31, 2004

Summary of Auditor's Results:

Programs:

	<u>Major Program</u>	<u>Non Major Program</u>
Low income Public Housing Comprehensive Improvement Assistance Program		X
Capital Fund Project		X
Housing Choice Vouchers		X

Opinions:

General Purpose Financial Statements-

Unqualified

Material weakness(es) noted	_____ Yes	_____ X _____ No
Reportable condition(s) noted	_____ Yes	_____ X _____ No
Non Compliance material to financial statements noted	_____ Yes	_____ X _____ No

Report on compliance for Federal programs-

Unqualified

Material weakness(es) noted	_____ Yes	_____ X _____ No
Reportable condition(s) noted	_____ Yes	_____ X _____ No
Non Compliance material to financial statements noted	_____ Yes	_____ X _____ No

